

MAYFIELD TOWNSHIP
GRAND TRAVERSE COUNTY, MICHIGAN
28-1090
GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Mayfield Township	County Grand Traverse
Audit Date 3/31/04	Opinion Date 9/17/04	Date Accountant Report Submitted to State: 9/27/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

Harris Group, Certified Public Accountants

Street Address

1107 E. 8th Street

City

Traverse City

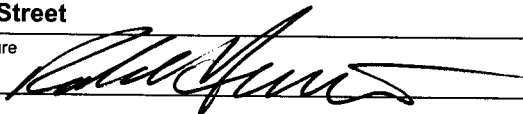
State

MI

ZIP

49686

Accountant Signature



Date

9/27/04

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Certified Public Accountants

Independent Auditor's Report

Members of the Township Board
Mayfield Township
Grand Traverse County, Michigan

We have audited the accompanying general-purpose financial statements of the Mayfield Township, Grand Traverse County, Michigan, as of March 31, 2004 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Mayfield Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Mayfield Township, Grand Traverse County, Michigan, as of March 31, 2004 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purposes of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Mayfield Township, Grand Traverse County, Michigan. Such information has been subject to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Harris Group

September 17, 2004

**MAYFIELD TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP
YEAR ENDED MARCH 31, 2004**

	Governmental Fund Type	Fiduciary Fund Type	Account Group General Fixed Assets	Total (Memorandum Only)
	General	Agency		
ASSETS				
Cash and investments	\$ 69,160	\$ 87	\$	\$ 69,247
Receivable – property taxes	3,916			3,916
Receivable – state revenue sharing	11,599			11,599
Due from other funds	87			87
Due from other governmental units				
Land			3	3
Buildings and improvements			124,780	124,780
KMP emergency facility			47,974	47,974
Machinery and office equipment			27,087	27,087
TOTAL ASSETS	\$ 84,762	\$ 87	\$ 199,844	\$ 284,693
LIABILITIES & FUND EQUITY				
LIABILITIES:				
Current Liabilities:				
Accrued payable	\$ 1,573	\$	\$	\$ 1,573
Payroll tax liability	516			516
Due to other funds		87		87
TOTAL CURRENT LIABILITIES	2,089	87		2,176
FUND EQUITY:				
Investment in general fixed assets			199,844	199,844
Fund balance	82,673			82,673
TOTAL FUND EQUITY	82,673		199,844	282,517
TOTAL LIABILITIES & FUND EQUITY	\$ 84,762	\$ 87	\$ 199,844	\$ 284,693

The accompanying notes are an integral part of these statements.

MAYFIELD TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
YEAR ENDED MARCH 31, 2004

	General Fund		
	Budget	Actual	Over (Under) Budget
REVENUES:			
Taxes	\$ 24,640	\$ 33,220	\$ 8,580
Licenses and permits	2,050	5,240	3,190
State revenue sharing	69,750	87,562	17,812
Charges for services	650	150	(500)
Interest		922	922
Other		2,214	2,214
TOTAL REVENUES	97,090	129,308	32,218
EXPENDITURES:			
Legislative	8,845	9,952	(1,107)
General government	37,620	35,423	2,197
Public safety	48,590	52,544	(3,954)
Public works	30,300	3,122	27,178
Recreation	4,700	5,677	(977)
Other	31,618	5,495	26,123
TOTAL EXPENDITURES	161,673	112,213	49,460
Excess of revenues over expenditures	<u>\$ (64,583)</u>	17,095	<u>\$ 81,678</u>
FUND BALANCE, beginning of year		<u>65,578</u>	
FUND BALANCE, end of year		<u>\$ 82,673</u>	

The accompanying notes are an integral part of these statements.

**MAYFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Mayfield Township (Township), Grand Traverse County, Michigan, conform to generally accepted accounting principles (GAAP) as applicable to government units. The following is a summary of the significant policies:

Defining the Reporting Entity

The Mayfield Township Board of Trustees (Board) is the basic level of government which has oversight responsibility and control over all activities related to the general government services in the area comprised by the Township. The Board receives funding from State government sources and must comply with the concomitant requirements of this funding source entity. However, the Board is not included in any other governmental "reporting entity," as defined by Governmental Accounting Standards Board (GASB) Statement 14, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Basis of Presentation

The financial activities of the Township are recorded in separate funds and account groups, categorized and described as follows:

Governmental Fund

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the Township. Revenues are derived primarily from property taxes and other intergovernmental revenues.

Fiduciary Fund

Agency Fund

This fund type is used to account for assets held by the Township as an agent for individuals, private organizations, other governmental units, and/or other funds. The Township's Tax Collection Fund is an Agency Fund.

Account Groups

General Fixed Assets Account Group

This account group presents the fixed assets of the Township utilized in its general operations.

General Long-Term Debt Account Group

This account group presents the long-term debt obligations of the Township that are due in future periods. The Township has no long-term liabilities as of March 31, 2004.

MAYFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The General Fund utilizes the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when they become available and measurable. Expenditures are recorded when the fund liability is incurred.

Cash and investments

The Township reports its investments in accordance with GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, such as certificates of deposit, and the district intends to hold the investment until maturity.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Inventories

Materials and supplies are expensed as purchased.

General Fixed Assets

General fixed assets are recorded as expenditures in the General Fund at the time of purchase. No depreciation is reflected for these assets.

Fixed assets are used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs, street and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair on the date donated.

**MAYFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Measurement Focus

The accounting and reporting treatment applied to the assets and liabilities associated with a fund are determined by its measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

**MAYFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2: PROPERTY TAX LEVY

Property taxes levied on December 1 of each year are collectible from December 1 through the end of February of the next year at which time the unpaid taxes, other than personal property taxes, are turned over to the County for collection. An analysis of the current tax roll is as follows:

Taxing Authority	Tax Roll	Current Collections	Delinquent Real Tax	Unpaid Personal
County and commission on aging	\$ 174,800	\$ 150,917	\$ 23,372	\$ 511
Commission on aging	9,264	7,998	1,239	27
Medical Care	23,131	19,971	3,093	67
State Education Tax	167,718	154,218	13,152	348
School Districts:				
Kingsley	217,441	183,126	32,097	2,218
Buckley	134,421	116,342	18,079	
Northwestern Michigan College	102,944	88,878	13,754	312
Intermediate School District	100,381	86,666	13,422	293
Township	29,286	25,285	3,916	85
Library	41,217	35,585	5,511	121
BATA	11,736	10,132	1,569	35
	<u>\$ 1,012,339</u>	<u>\$ 879,118</u>	<u>\$ 129,204</u>	<u>\$ 4,017</u>

NOTE 3: CASH AND INVESTMENTS

The Government Accounting Standards Board (GASB) Statement No. 3 risk disclosure for deposits at year end are as follows:

Deposits	Bank Balances
Insured FDIC	\$ 69,557
Uninsured	
Total Deposits	<u>\$ 69,557</u>

At year end the balance sheet carrying amount of deposits was \$69,247.

NOTE 4: PROPERTY TAXES RECEIVABLE

The delinquent real property taxes of the Township are purchased by the County of Grand Traverse. The County maintains a revolving fund, which is used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year in the amount of \$3,916 in the General Fund, in accordance with the Michigan Council on Governmental Accounting and Auditing Statement #3.

**MAYFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 5: JOINT VENTURE

The Township of Mayfield participates with the Village of Kingsley and Paradise Township in maintaining a joint emergency building, commonly referred to as KMP Emergency Facility. The maintenance costs for the facility are shared equally by each unit. The Township's share of these costs for the year ended March 31, 2004 was \$3,866.

Financial data for KMP Emergency Facility as of March 31, 2004 can be obtained at the office of the KMP Emergency Facility.

NOTE 6: CHANGES IN GENERAL FIXED ASSETS

The following is a summary of General Fixed Assets:

	Balance April 1, 2003	Additions	Deletions	Balance March 31, 2004
Land	\$ 3	\$	\$	\$ 3
Building	124,780			124,780
KMP Facility	47,317	657		47,974
Equipment	21,287	5,800		27,087
	<u>193,387</u>	<u>6,457</u>	<u>\$</u>	<u>\$ 199,844</u>
TOTAL	\$ 193,387	\$ 6,457	\$	\$ 199,844

NOTE 7: RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (worker's compensation). The Township has purchased commercial insurance for property loss, torts, and worker's compensation claims. Settled claims relating to the commercial insurance have not exceed the amount of insurance coverage in any of the past five fiscal years.

NOTE 8: TOTAL COLUMN ON COMBINED STATEMENTS

The total column on the combined statements is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund elimination have not been made in the aggregation of this data.

Supplementary Data Section

**MAYFIELD TOWNSHIP
CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
LEGISLATIVE – Town Board	\$ 8,845	\$ 9,952	\$ (1,107)
GENERAL GOVERNMENT			
Supervisor's office	5,815	5,302	513
Elections	750	1,232	(482)
Assessor	9,700	9,289	411
Clerk's office	7,950	7,051	899
Board of review	555	150	405
Treasurer's office	8,250	8,490	(240)
Townhall	3,800	3,105	695
Cemetery	800	804	(4)
Total General Government	<u>37,620</u>	<u>35,423</u>	<u>2,197</u>
PUBLIC SAFETY			
Fire	33,400	36,467	(3,067)
Zoning	15,190	16,077	(887)
Total Public Safety	<u>48,590</u>	<u>52,544</u>	<u>(3,954)</u>
PUBLIC WORKS			
Highways, Street and Bridges	30,000	2,766	27,234
Street lighting	300	356	(56)
Total Public Works	<u>30,300</u>	<u>3,122</u>	<u>27,178</u>
RECREATIONAL and CULTURAL			
Community Promotion	4,200	3,677	523
Recreation	500	2,000	(1,500)
Total Recreation and Cultural	<u>4,700</u>	<u>5,677</u>	<u>(977)</u>
OTHER			
Insurance	5,000	5,495	(495)
Contingency	26,618		26,618
Total Other	<u>31,618</u>	<u>5,495</u>	<u>26,123</u>
TOTAL EXPENDITURES	<u>\$ 161,673</u>	<u>\$ 112,213</u>	<u>\$ 49,460</u>

**MAYFIELD TOWNSHIP
TAX COLLECTION FUND
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CASH BALANCE
YEAR ENDED MARCH 31, 2004**

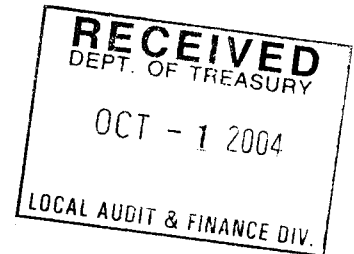
CASH BALANCE, beginning of year	\$ 58
Receipts:	
Current property taxes	879,185
Interest and delinquent taxes	<u>13,145</u>
TOTAL FUNDS AVAILABLE	<u>892,388</u>
Disbursements:	
County	157,628
Buckley school	116,251
Kingsley school	184,532
Northwestern Michigan College	89,076
State Education Tax	154,218
District library	35,665
Commission on aging	7,998
Medical care	19,971
TBA ISD	86,858
Bata	10,143
Township	25,753
State CFR	66
Refunds and adjustments	<u>4,142</u>
TOTAL FUND DISBURSED	<u>892,301</u>
CASH BALANCE, end of year	<u>\$ 87</u>



Certified Public Accountants

September 17, 2004

To the Township Board
Township of Mayfield
Grand Traverse County, Michigan



In planning and performing our audit of the financial statements of the Township of Mayfield for the year ended March 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Township of Mayfield's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Our study and evaluation of internal control disclosed no conditions that we believe to be material weaknesses for which corrective action by management is practicable in the circumstances.

Recommendations

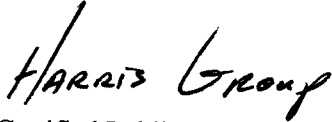
GASB #34

The Township will be required to conform to the new Governmental Accounting Standards Board Statement #34 for the year ended March 31, 2005. This statement changes the way governmental units report their financial information. The current financial reporting is based on the individual fund approach; this new statement is based on the government wide approach. Due to the size of your government the application of this statement will not be overly complex. The one area that will require some time and consideration is valuing the infrastructure assets under township control. This would require the valuation of the roads that are maintained by the Township. We will also be available to assist you in applying this statement.

Budgeting

The Township has complied with the spirit of P.A. 621, Budgeting, but has expended more than the budgeted amount in certain categories. The Township may amend the budget throughout the year for any unforeseen expenditures.

This report is intended solely for the information and use of the Township Board, management, and the Michigan Department of treasury and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "HARRIS Group". The signature is written in a cursive, flowing style.

Certified Public Accountants